The loan made to Yiian Shih-k'ai in 1913 by an international group of bankers, which had so much to do with the break between the radicals and himself, increased the grip of foreign financiers on the country—chiefly by pledging the salt tax to pay the debt and placing the collection of the tax under foreign administration. The cooperative feature of the loan helped to allay friction among the powers, but so strongly did President Wilson feel China's independence to be compromised that he withdrew the support of his government from the American participants, and the latter did not join in the final arrangements, f

The outbreak of the European war in 1914 brought fresh difficulties to the harassed young Republic: with so much of the world in turmoil it could not hope to remain unaffected. The first really serious complications came early. August 15, 1914, Japan presented an ultimatum to Germany advising the latter government to withdraw all its armed vessels from Japanese and Chines^ waters and to turn over to Japan the leased territory of Kiaochow "with a view to the eventual restoration of the same to China." No reply was vouchsafed by Berlin and on August 23d Japan declared war.

This action of Japan was natural in view of the Anglo-Japanese Alliance, a Franco-Japanese *entente* dating from 1907, and an *entente* and treaties with Russia. Events proved, however, that it was not entirely, and perhaps not even chiefly, out of loyalty to treaty commitments that Japan entered the war. Its interest in China was growing. Japan's population was rapidly increasing, and, since the preemption by the white races of the best of the unoccupied sections of the world denied it the possibility of relief

by extensive emigration, the one recourse for a livelihood for the added millions was the continued development of industry and commerce. If these were to prosper, Japan must have both markets and a convenient source of raw materials, including iron and coal—for nature had endowed it with but little of the one and insufficient supplies of the other. China was at once both an adjacent undeveloped market of great possibilities and an available storehouse of raw materials. It is not surprising, therefore, that Japan regarded the maintenance of easy access to China as essential to its very life and was fearful of the closing of the door to China by greedy Western powers. Now, with most of the Occi-